

IRONING BOARDS SUBSIDY INVESTIGATION-AS0020

VIEWS OF MİLENYUM METAL DIŞ TİCARET VE SANAYİ A.Ş.

The Trade Remedies Authority (TRA) of United Kingdom initiated subsidy investigation concerning ironing boards from the Republic of Turkey on 7 April 2022. MİLENYUM METAL DIŞ TİCARET VE SANAYİ A.Ş. ("Milenyum Metal") is determined to fully cooperate in this investigation.

On the other hand, Milenyum Metal wants to bring certain issues related to the complaint, injury analysis and causal relationship to the attention of the TRA. We believe that these facts will be taken into account by the TRA during the investigation.

1. It is an unusual practice that the complainant requested confidentiality of its company information, i.e. company name, company address and corporate information. The complainant should be Company A producing ironing boards in the UK with the brand name [redacted – commercially sensitive information]¹. The company is a group of companies having production and/or sales facilities in several countries (Country A, Country B, Country C, Country D, Country E, Country F) and producing diverse range of household products.²
2. The complainant is the sole producer in the UK and has the monopolistic power which means that if imports to the UK are limited with high duties UK consumers may encounter much higher prices in the domestic market.
3. It is very difficult to comment on injury factors from the complaint since the complainant provided very limited information. We are of the opinion that injury factors were inadequately presented and the complaint does not provide for a reasonable understanding of the facts related to injury and causality. Most injury factors were

¹ [https://www.\[redacted – commercially sensitive information\]](https://www.[redacted – commercially sensitive information]), [https://www.\[redacted – commercially sensitive information\]](https://www.[redacted – commercially sensitive information])

² [https://www.\[redacted – commercially sensitive information\]](https://www.[redacted – commercially sensitive information])

commented upon without any evidence and remain without basis. The complainant provided only one indexed table with four indicators and a chart.

4. The complainant estimates UK domestic market consumption in the range between 30-40 million pounds³. Imports from Turkey was around 2-2.5 million pounds in 2020⁴ and assuming a similar level for the POI, Turkish exports to the UK accounts for less than 10% of the UK domestic consumption. However, the complainant claims Turkey's share between 10%-25% range. If the complainant's market share does not exceed 40%, we see that at least 50% of the market share is held by imports from countries other than Turkey. Alleged injury to the domestic market cannot be caused by imports from Turkey.
5. The complainant calculated 2021 (POI) import value from Turkey by averaging the previous 3 years between 2018 and 2020. The TRA should consider actual imports from Turkey for the POI and not the average which could lead to misleading trend in imports. The complainant averaged the POI imports because imports from Turkey were decreasing.
6. The TRA should consider complainant's market share calculation. The complainant calculated domestic consumption between 30-40 million pounds. However, FOI imports data given shows total imports at around 6 million pounds. This means market share of all imports of the goods concerned does not exceed 20% and the complainant has at least 80% share in the market.
7. There was no information given on complainant's export sales. We are not able to assess the trends and impact of exports of the Complainant to the market shares, since exports from the UK are an essential part of market share calculation. However, even without considering exports, the Complainant dominates the market and exports are an additional contribution to the Complainant.

³ Complaint: Open Annex 1 & Annex 2

⁴ Complaint: Open – Annex E-2 – FOI Data on Imports

8. It is clear from the complainant's indexed values that both sales and inventories were better during the POI. Sales increased while inventories continued to decrease.⁵
9. The complainant alleges that production decreased for the last 4 years using a chart.⁶ However, the graph also shows that decreases in production begins with the beginning of the COVID19 pandemic in 2020. Moreover, FOI import values and volumes were also decreasing during this period. Clearly, significant decline in imports during 2020 and the POI cannot be the reason for the decline in complainant's production. This is one of the critical points where the causality link argument alleged by the complainant collapses.
10. We were not able to see any open documentation, calculation or evidence concerning productivity, return on investments, cash flow (Annex L does not show cash flow despite referenced in the complaint, p.39), capacity utilization, employment, wages, ability to raise capital or investments, factors affecting domestic prices of like goods and profits. The complaint is seriously deficient in this respect and allegations related to these factors are made without basis.
11. On the other hand, we were able to review Complainant annual reports which are available to public (Exhibit 1).
12. Complainant's performance indicators included in the annual audited report for the financial year ended 30 September 2020 do not show a deteriorated performance for the company. It must be noted that the company does not mention any problem resulting from imports of the goods concerned.
13. Turnover of the company increased [10-15]% from 40,000,000-50,000,000 £ in 2019 to 45,000,000 – 50,000,000 £ in 2020.⁷ Footnote 3 of the annual report provides turnover by geographical market. It can be clearly seen in this table that the company increased 80-90% of its turnover in the UK market.⁸

⁵ Complaint: Open – Annex L

⁶ Complaint: Open Annex H

⁷ Complainant's annual report for the financial year ended 30 September 2020, p.10.

⁸ Complainant's annual report for the financial year ended 30 September 2020, p.24.

14. Net profit (profit after taxes) of the company increased 40-45% from 2,000,000-3,000,000 £ in 2019 to 3,500,000-4,000,000 £ in 2020.⁹ These indicators show increasing sales and a very high level of profitability despite complainant's allegations in the complaint.
15. Stocks of the company decreased 7-10% from 7,700,000-8,150,000 £ in 2019 to 7,300,000-8,000,000 £ in 2020. There was no worsening situation regarding stocks.¹⁰ Footnote 14 of the annual report indicates changes in inventories. Decline in the finished goods inventories was especially striking. Finished goods inventory of the company decreased 20-30% from 4,500,000-5,000,000 £ in 2019 to 3,000,000-4,000,000 £ in 2020.¹¹
16. Cash flow of the company increased almost 3 times. Net cash inflow increased 250-300% from 800,000-1,000,000 £ in 2019 to 3,000,000-4,000,000 £ in 2020. Investing activities almost preserved the same level in 2020 and the company spent 800,000-1,000,000 £ for investments. This figure was 800,000-1,000,000 £ in 2019.¹² The company continued its investments without any disruption despite the global pandemic. It should also be noted that the company paid 10,000,000-13,000,000 £ in cash as dividends to its shareholders in the year 2018.
17. The complainant did not suffer with regard to employment during the injury period. Annual report's footnote 6 provides changes in employment levels. Total employment of the company was stable with a change from 250-300 in 2019 to 250-300 in 2020. The company increased especially its administrative staff from 40-50 in 2019 to 55-65 in 2020. On the other hand, group employment increased to 300-330 from 300-330 between 2019 and 2020. The complainant was also able to increase wages and salaries in the same period.¹³

⁹ Complainant's annual report for the financial year ended 30 September 2020, p.10.

¹⁰ Complainant's annual report for the financial year ended 30 September 2020, p.13.

¹¹ Complainant's annual report for the financial year ended 30 September 2020, p.29.

¹² Complainant's annual report for the financial year ended 30 September 2020, p.16.

¹³ Complainant's annual report for the financial year ended 30 September 2020, p.24.

18. We would like to make an assessment of main company performance indicators during the injury period beginning from 2018. The following table shows trends in these indicators which were available in company annual reports.

Unit: £	2017	2018¹⁴	2019	2020
Total Turnover				
UK Turnover				
Net Profit				
Stocks				
- <i>Finished Goods Inventory</i>				
Employment				

19. Indexed trends for the same indicators reveal significantly increasing sales, doubling profits, decreasing inventories and stable employment. We are not able to see any indication of deteriorating performance for the complainant.

Unit: Index	2017	2018¹⁵	2019	2020
Total Turnover	100	99	120	133
UK Turnover	100	102	122	135
Net Profit	100	89	143	205
Stocks	100	92	122	112
- <i>Finished Goods Inventory</i>	100	83	110	81
Employment	100	100	101	101

20. [redacted – commercially sensitive information]

].

¹⁴ Data for 2017 and 2018 obtained from Complainant's annual report for the financial year ended 30 September 2018.

¹⁵ Data for 2017 and 2018 obtained from Complainant's annual report for the financial year ended 30 September 2018.

21. [redacted – commercially sensitive information

].

22. [redacted – commercially sensitive information

].

23. Facts and information presented above show that the Complainant is continuing its activities in the UK market profitably without any indication of injury. Milenyum Metal is of the opinion that this investigation should be terminated without measures because there is no injury in the UK market and there is no injury attributable to the imports from Turkey. Any possible measures are likely to strengthen monopolistic power of the Complainant in the UK market and consumer welfare will be worse off due to price increases that will follow.

Respectfully Submitted,

Exhibit 1. [redacted – commercially sensitive information]

[redacted – commercially sensitive information, website screenshot]

Exhibit 2. [redacted – commercially sensitive information]

[redacted – contains personal information]